

# HOUSE BILL REPORT

## ESHB 2228

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### As Amended by the Senate

**Title:** An act relating to commute trip reduction incentives.

**Brief Description:** Extending commute trip reduction incentives.

**Sponsors:** By House Committee on Transportation (originally sponsored by Representatives Murray, Wallace, Cooper, Clibborn, Simpson, Rockefeller, Hudgins and Hankins).

**Brief History:**

**Committee Activity:**

Transportation: 3/26/03, 3/28/03 [DPS].

**Floor Activity:**

Passed House: 4/8/03, 91-5.

Senate Amended.

Passed Senate: 4/15/03, 36-9.

### Brief Summary of Engrossed Substitute Bill

- Enacts a Business and Occupation and Public Utility Tax credit program of \$2.25 million annually for employers who provide incentives to their employees to participate in a Commute Trip Reduction (CTR) program.
- Authorizes a grant program of \$750,000 per year for private employers, public agencies, non-profit organizations, developers and property managers who implement the CTR programs. Grants are based on the cost effectiveness of trip reduction.
- Credits are up to 50 percent of the financial incentive or \$60 per employee, whichever is less and maximum annual credit per employee is \$200,000. The maximum grant is limited to \$100,000. The program expires June 30, 2013 and is funded from the Multimodal Transportation Account.

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### HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 26 members: Representatives Murray, Chair; Rockefeller, Vice Chair; Simpson, Vice Chair; Ericksen, Ranking Minority Member; Jarrett, Assistant Ranking Minority Member; Anderson, Armstrong, Bailey, Campbell, Clibborn, Cooper,

Dickerson, Flannigan, Hankins, Hatfield, Hudgins, Kristiansen, Lovick, Morris, Nixon, Romero, Shabro, Sullivan, Wallace, Wood and Woods.

**Staff:** Gene Baxstrom (786-7303).

**Background:**

Major employers who employ 100 or more employees in the state's nine largest counties are currently required to implement commute trip reduction programs to reduce the number of their employees traveling by single-occupant vehicles to their work sites.

Until December 31, 2000, the Legislature authorized business and occupation and public utility tax credits for employers throughout the state if they provided financial incentives to their employees for ride sharing in car pools, public transportation and non-motorized commuting (CTR modes). The purpose of this credit was to help reduce congestion, improve air quality and assist employers in efforts to provide incentives for employees to use the CTR modes. Employers were able to apply for a tax credit of up to \$60 per person, per year or up to 50 percent of the financial incentive, whichever was less.

The general fund was originally reimbursed for the amount of credits by the air pollution control account when the annual cap on credits was \$1.5 million. When the maximum annual credits were increased in 1999 to \$2.25 million, the additional funds were from transportation-related accounts. The specific sources of reimbursement to the general fund were eliminated when the state motor vehicle tax was repealed.

Legislation was passed in 2002 to reinstitute the CTR tax credits; however that legislation was conditioned on voter approval of Referendum 51, which failed.

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**Summary of Engrossed Substitute Bill:**

A commute trip reduction tax credit is enacted from January 1, 2004 until June 30, 2013. Employers are allowed a business and occupation or public utility tax credit if they provide financial incentives to their employees for ride sharing in car pools, public transportation, using car sharing, and non-motorized commuting (CTR incentives). Employers may apply for a tax credit of up to \$60 per employee per year or up to 50 percent of the financial CTR incentives, whichever is less. Property managers and other employers may claim a credit for incentives granted employees at their work sites.

No tax credit can be greater than taxes due, nor greater than \$200,000. Tax credits cannot be carried back but may be carried forward for up to three years.

Until June 30, 2013, the Department of Transportation must administer a program for incentive grants that will result in the most cost effective reductions of trips to work sites.

Private employers, public agencies, nonprofit organizations, developers and property managers are eligible for annual grants of up to \$100,000 for incentives provided to reduce commute trips for employees. Total grants are limited to \$750,000 per calendar year.

The General Fund is reimbursed for the amount of tax credits from the Multimodal Transportation Account. The tax credits and grants expire June 30, 2013. If additional funding is not provided for the Multimodal Transportation Account by January 1, 2004, the act is null and void.

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**EFFECT OF SENATE AMENDMENT(S):**

Effective July 1, 2003, the requirement that counties with a population of over 150,000, and cities within those counties, implement CTR programs for all major employers is eliminated, making such programs optional for those counties and cities. Effective July 1, 2003, provisions requiring that employers certify their vehicles are used as an element of the employers CTR program in order to qualify for a sales or use tax and motor vehicle excise tax exemption are broadened to allow employers to certify that those vehicles are used primarily for van or car pooling purposes.—

The CTR tax credit and grant programs are placed on a fiscal rather than calendar year basis. The tax credit and grant program implementation date is changed from January 1, 2004 to July 1, 2004. No employer is eligible for tax credits and grants in the same fiscal year. Telework is defined.

**Appropriation:** None.

**Fiscal Note:** Requested on substitute bill.

**Effective Date:** This bill takes effect on January 1, 2004. However, the bill is null and void if not funded in the budget.

**Testimony For:** The CTR programs are one of the most cost effective means to address congestion. Tax credits demonstrate a state commitment to programs run by private employers. The CTR funds from the state, leverage significant private dollars.

**Testimony Against:** None.

**Testified:** Representative Murray, prime sponsor; Jim Shipman, Washington Transit Association; Kevin Shively, Transportation Choices Coalition; and Stephanie Bowman, Greater Seattle Chamber of Commerce.